

Stage of Quality Development of Accounting in New Uzbekistan

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Abstract: This article describes the work done and strategic tasks in the qualitative development of accounting in the new Uzbekistan. It offers suggestions for improving the regulatory framework for accounting.

Keywords: International Financial Reporting Standards (IFRS), professional organizations in the field of accounting, qualitative stage of development, accounting principles, financial reporting.

Introduction.

The need to move to international standards of financial reporting is determined by the following factors:

First, in order to improve the investment environment for foreign investors, it became necessary to provide them with information based on International Financial Reporting Standards (IFRS). In order to increase the investment attractiveness of the largest investment-demanding sectors of our country such as mining and metallurgy, heavy metallurgy, chemical industry, oil extraction and processing industry, automotive industry, cotton processing and light industrial enterprises, the preparation of reports based on IFRS has become an important factor for achieving development.

Secondly, in order to expand the export opportunities of Uzbek companies, it has become a vital activity to enter the international stock exchanges, financial (currency and capital) markets in order to sell the manufactured products at world prices. One of the most important and basic conditions for entering these markets is that companies, including holdings and joint-stock companies, submit their financial statements according to IFRS. Commercial banks operating in our country must submit their reports according to IFRS in order to obtain international loans and grants. Today, Uzbekistan has become an active participant in this process.

Thirdly, since 2002, the IFRS Council has started developing the International Financial Reporting Standards instead of the International Accounting Standards (IAS). As a result, there was a need to directly apply IFRS in order to develop national standards in accordance with the IFRS developed in our country after 2002, and to actively participate in the processes of international unification and harmonization of accounting.

Fourthly, Certification of accountants, including certification of Certified International Professional Accountant (CIPA), The Association of Chartered Certified Accountants (ACCA), Certified Public Accountant (CPA), Diploma in International Financial Reporting (DipIFR), is an important training in forming the competence of accountants who can work on the basis of international standards of qualified financial reporting. Today, the fact that Uzbekistan has accountants and auditors with international certification is the most important factor in the transition to international standards of financial reporting.

Literature analysis.

On April 24, 2015, Decree No. PF-4720 of the President of the Republic of Uzbekistan “On measures to introduce modern corporate management methods in joint-stock companies” was adopted.. In this decree, the task of introducing new divisions and positions in accordance with modern international standards and the requirements of the market economy, radical reorganization of management structures of joint-stock companies, cooperation with leading foreign educational institutions, creation of opportunities for openness and transparency of joint-stock companies, auditing and financial reporting by them based on international standards tasked with publishing report information is assigned.

Article 22 of the new version of the Law of the Republic of Uzbekistan “On Accounting” adopted on April 13, 2016 states that “Requirements for financial reporting prepared according to international standards are defined in the international standards of financial reporting” defines the legal basis for the application of international standards of financial reporting in our country.

Since 2017, the development of accounting has entered a new phase of qualitative improvement. At this stage, in the conditions of New Uzbekistan, which is fully entering the world integration process, it is considered to accelerate the rapid introduction of IFRS.

In new Uzbekistan, the attitude towards accounting and auditing has completely changed. The strategy of new Uzbekistan was developed. During the next two years, one decree and 3 decisions of the President were adopted on the rapid transfer of financial reporting and auditing to international standards (Table 1):

Table 1. Tasks defined in decrees and decisions of the President of the Republic of Uzbekistan aimed at the rapid introduction of IFRS and IAS

Decisions	Tasks aimed at introducing IFRS and IAS
Decision of the President of the Republic of Uzbekistan dated February 24, 2020 PQ-4611 “On additional measures for the transition to international standards of financial reporting”	<p>Starting from January 1, 2021, joint-stock companies, commercial banks, insurance organizations and legal entities included in the category of large taxpayers will organize accounting based on the IFRS and from the end of 2021 will prepare financial reports based on the IFRS;</p> <p>By the end of 2021, accountants will be provided with accounting service staff sufficient for high-quality application of international standards of financial reporting in the amount of at least three specialists with a document of successful completion of the subject “Financial reporting according to IFRS” within the framework of international certification or to one of the certificates “Certified International Professional Accountant (CIPA)”, “The Association of Chartered Certified Accountants (ACCA)”, “Certified Public Accountant (CPA)”, “Diploma in International Financial Reporting (DipIFR)” (hereinafter - International Accountant Certificate);</p> <p>By August 1, 2020, approve the updated curricula, which provide for in-depth study of the IFRS, in the disciplines of “Accounting” and “Audit” in the fields of bachelor’s education and master’s specialization and introduce them into the educational process in the prescribed manner;</p> <p>Starting from 2020, as a pilot test, the training programs of higher education institutions (Samarkand Institute of Economics and Service) will undergo international accreditation in the field of accounting.</p>

Implementation of international financial reporting standards (IFRS) is an urgent issue on the

agenda. Today, many joint-stock companies face a number of problems related to the rapid introduction of IFRS. This requires a wide involvement of the scientific community in the implementation of IFRS. Involvement of the scientific community in the full implementation of the IFRS gives the expected results, serves to fundamentally increase the reliability, importance and quality of financial reports prepared on the basis of IFRS.

Research Methodology.

Logical analysis, critical approach, induction and deduction, analysis and synthesis, monographic observation, comparative comparison, grouping, observation, statistical analysis and economic mathematical methods were used in the research work.

Analysis and results.

We believe that the following actions should be carried out in order to ensure the practical implementation of the tasks set by the President's Resolutions (Table 2):

Table 2. Works and proposals to be implemented in the introduction of IFRS

First	To become a member of the Council of IFRS and the International Federation of Accountants of professional organizations in the field of accounting and auditing in Uzbekistan. It is necessary to achieve recognition by international organizations of transition to IFRS in Uzbekistan.
Second	Establishment of the Professional Institute Accountants of Uzbekistan which widely promotes IFRS in Uzbekistan, engages in its implementation, develops IARS that comply with international standards, issues of certification of accountants, examination requirements and issues.
Third	Official translation of IFRS and interpretations of standards into Uzbek by the Professional Institute of Accountants of Uzbekistan, to achieve official recognition of the Uzbek version of IFRS by the Council of IFRS.
Fourth	Creation of a set of Uzbek terms that meet the requirements of IFRS on accounting, financial reporting and auditing.
Fifth	Implementation of improved model financial reporting formats that fully comply with the requirements of IFRS.
Sixth	Implementation of an effective national system of certification of accountants and auditors according to IFRS.

Let's focus on their essence:

- It is necessary to become a member of the Council of IFRS and the International Federation of Accountants of professional organizations in the field of accounting and auditing in Uzbekistan, pay membership fees to them, cooperate at the state level, establish relations with delegations, and achieve recognition by international organizations of the transition to IFRS in Uzbekistan;
- Official translation of IFRS and interpretations of standards into Uzbek language, achieving official recognition of the IFRS in Uzbek language by the Council of IFRS;
- To create a set of Uzbek terms that meet the requirements of IFRS, financial reporting, and financial reporting for auditing, and for this, it is necessary to adopt international terms, translate them into Uzbek, or adopt the same accepted terms into other languages without changes. Without developing this, it is impossible to translate the IFRS into Uzbek at a professional level. For this purpose, we believe that it is appropriate to establish a Council consisting of professional accountants and auditors under authorized organizations;

- We must achieve that joint-stock companies, limited liability companies and other enterprises in our country voluntarily switch to financial reporting based on IFRS. Enterprises and organizations themselves should benefit from the transition to IFRS and feel its advantages. Ensuring the financial stability of enterprises by achieving investment attractiveness through IFRS should be considered as a task of strategic importance;
- The national accounting standards of Uzbekistan (NAS), which fully meet the requirements of IFRS, should be developed in a revised version. Differences between IFRS and NAS should be eliminated. It is necessary to coordinate as much as possible. It is also necessary to develop standards that exist in IFRS reporting, but are not part of NAS. It is necessary to develop interpretations to the standards. Other statutory accounting regulations, including Rules and Regulations, should be converted into standards. A system of national standards of perfect accounting should be formed in Uzbekistan;
- In order to improve the quality of the information reflected in the financial report, align its content and content with the interests of information users, use the most advanced methods and techniques in processing and transmitting information, introduce improved model financial report formats that fully comply with international instruments and standards and the requirements of IFRS;
- Implementation of an effective national system of certification of accountants and auditors according to the IFRS, organization of educational processes and teaching-methodological support based on advanced foreign experiences in accredited educational centers, conducting examinations and ensuring transparency of evaluation of results;
- Coordination of the content of accounting and auditing subjects in higher education institutions with curricula and programs (syllabus) of universities in developed countries, international accreditation of educational programs, retraining of pedagogical personnel, organization of pedagogic staff training and passing exams in educational centers and foreign universities for the purpose of international certification, provision of textbooks in advanced universities;
- organization of special programs on IFRS in order to ensure the use of modern information technologies, creating all conditions for publishing financial statements of enterprises, creating a website of financial reports of Uzbekistani companies, implementation of methodological assistance and organization of services in the reading and analysis of financial statements for a wide range of information users.

Currently, the development of accounting standards in the budget sector has been started and is being gradually introduced. The task of improving the Tax Code in accordance with international experiences was assigned.

At this stage, one of the qualitatively important works is the inclusion of subjects from international universities in the curricula of accounting and auditing courses and specializations in higher education institutions. Literature in the field of science in English is brought from these universities, and innovative teaching technologies are being introduced based on them. In this regard, the subjects of the world's leading educational institutions and their scientific literature are entering the field. As a result, teaching of world-recognized subjects in the field of accounting and auditing was started. The work in this field envisages the study and development of our science at the international level.

The qualitative description of useful financial information requires a new approach to the concept and consideration in the improvement of regulatory and legal documents:

In our opinion, it is appropriate to classify these principles as follows (Table 3):

Table 3. Classification of financial reporting principles according to international standards¹

I. UNDERLYING PRINCIPLES	1.1. Continuity (going concern)
	1.2. Consistency (Sequence)
	1.3. Accounting unit
II. PRINCIPLES OF FUNDAMENTAL QUALITY DESCRIPTION	2.1. Coherence (significance)
	2.1.1. Weightiness
	2.1.2. Efficiency
	2.2. True representation (reliability):
	2.2.1. True reflection
	2.2.2. Unbiased and objective reflection
	2.2.3. Neutrality
	2.2.4. Full reflection
	2.2.6. Relevance
III. PRINCIPLES THAT INCREASE THE USEFULNESS OF INFORMATION	2.2.7. Impartiality from errors
	2.2.8. Content over form
	3.1. Comparability
	3.2. Regarding inspection
IV. BASIC CONCEPT	3.3. Timeliness
	3.4. Understandability
	4.1. Calculation method
	4.2. The concept of capital and capital support
V. METHODS OF RECOGNITION, ASSESSMENT AND ACCOUNTING	5.1. Express in money
	5.2. Valuation at actual cost
	5.3. Bilaterality
	5.4. Realization
	5.5. Compatibility
	5.6. Valuation at market value
	5.7. Offsetting
	5.8. Completeness
	5.9. Gain/Decline of Economic Name
	5.10. A reliable estimate of the amount
	5.11. Costing methods

From the information in the table, it can be concluded that the basic principles of accounting form its basis. As a result of non-compliance with these principles, the application of other principles becomes impossible. Fundamental quality assurance principles are principles that ensure the quality of financial information. The application of these principles ensures the reliability and consistency of the information reflected in the financial report. The third group of principles reflected in the table serves to increase the usefulness of information. Information will be useful to users only if these principles are met. The calculation method and the concept of capital support ensure that a generally accepted procedure is introduced in the formation of critical information and profit determination. The principles used in measuring, recognizing, evaluating and reflecting information in accounts and reports ensure the comparability of information and increase their usefulness.

Conclusions and suggestions.

Based on the research results, the following conclusions can be drawn:

1. Implementation of international financial reporting standards (IFRS) is an urgent issue on the agenda. Today, many joint-stock companies face a number of problems regarding the rapid

¹ Author development based on research.

implementation of IFRS. This requires extensive involvement of the scientific community in the implementation of IFRS.

2. We must achieve that joint-stock companies, limited liability companies and other enterprises in our country voluntarily switch to financial reporting based on IFRS. Enterprises and organizations themselves should benefit from the transition to IFRS and feel its advantages.

3. The qualitative description of useful financial information, the concept requires a new approach and consideration in the improvement of regulatory and legal documents.

These proposals and recommendations serve to introduce the IFRS in Uzbekistan, which is applying IFRS for the first time.

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